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DEVELOPMENT OF AFRICA, INCLUDING THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Statement submitted by the International Chamber of Commerce, a non-governmental organization in consultative status with the Economic and Social Council, category I

The Secretary-General has received the following statement, which is circulated in accordance with paragraphs 23 and 24 of Economic and Social Council resolution 1296 (XLIV) of 23 May 1968.

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The International Chamber of Commerce (ICC), requests the circulation of the attached statement under agenda item 2 of the Council's substantive session of 1995, high-level segment devoted to a policy dialogue and discussion on important developments in the world economy and international economic cooperation with heads of multilateral financial and trade institutions.

The statement, addressed to the Heads of State and Government of the Group of Seven countries attending the recent Halifax Summit, was submitted to Canadian Prime Minister Jean Chrétien on 5 June 1995 as host to the meeting. Since it deals with issues which are also of interest to the entire international community, ICC is submitting it for the information of the members of the Council. The statement was accompanied by a more detailed supporting document, which will be available in the conference room when item 2 is discussed.

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Statement for Submission to the Heads of State and Government of the Group of Seven Countries attending the Halifax Summit

15 - 17 June 1995

The year between the G7 Summits in Naples and Halifax has brought **mixed news for world business**, as represented by the **International Chamber of Commerce (ICC)**. **While global economic output has continued to expand at a solid pace overall and world trade has grown strongly, currency turbulence has cast a dark shadow over the prospects for sustaining this favourable trend.** Against this backdrop, the ICC calls upon the heads of state and government meeting in Halifax to focus their attention on the three following policy areas where a number of important issues must be addressed.

Sustaining economic growth

Business is deeply disturbed that **continuing economic expansion is being threatened by currency turbulence.** The large and rapid movements in currency exchange rates, particularly since the start of 1995, are imposing **huge costs on business and enormous uncertainties which discourage investment and trade.**

The ICC believes that the root cause of the recent currency turbulence is a mounting fear among investors that governments in many countries - in both the developed and developing worlds - lack the political will or ability to make serious headway in cutting **structural budget deficits**, reversing the **generalised explosion in the stock of public-sector debt**, and correcting **major imbalances between domestic savings and investment.**

The ICC urges the G7 countries to take advantage of this current phase of economic expansion and demonstrate a stern, credible determination to **substantially reduce such deficits, indebtedness and imbalances**. Sound budgetary and monetary policies must be accompanied by faster progress on **structural reforms to enable private business to create more jobs and adapt more readily to the rapidly growing pace of global competition.** Central to this goal are more **flexible labour markets**, **deregulation**, the lowering of **non-wage labour costs**, and reasonable levels of **taxation**. Efforts must also be intensified to **raise productivity and cost-effectiveness in the public sector.**

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Unemployment

The ICC remains deeply disturbed by the worldwide phenomenon of chronically high unemployment which represents a huge waste of economic resources as well as causing widespread human suffering and social fragmentation.

The ICC urges the G7 countries to take a **bold approach** to unemployment, and in particular to move quickly **to implement the recommendations of the OECD's 1994 Jobs Study.** What is required is a wide-ranging programme of measures embracing, in particular, **deregulation, lower taxation** - especially taxes which discourage employment, expanded investment **in basic education and training**, and reforms aimed at ensuring greater flexibility in laws on **employment protection, social security, housing, and pensions**. Such reforms should foster sustained economic growth as a prerequisite for job creation and social progress.

Trade policy after the Uruguay Round

The ICC believes it is vital that the World Trade Organization gets off to a good start, and that it is the responsibility of the G7 countries to take the lead in ensuring that the new body rapidly establishes its **credibility** and **authority.** We are therefore disturbed by the **current outbreak of bilateral trade tensions** between G7 member countries, with threats of unilateral action and counter-action. One of the most important achievements of the Uruguay Round was its creation of a strong multilateral dispute settlement mechanism. The announced intention of a G7 member country to impose trade sanctions under domestic law without waiting for a ruling from the WTO risks undermining that mechanism from the outset.

The ICC calls upon the G7 countries to set an example in **respecting their multilateral obligations**, and in **faithfully implementing their undertakings under the Uruguay Round accords.** Beyond that, we encourage them to work together and with the developing countries to pursue **the liberalisation and expansion of international trade and investment as an ongoing process**, and to **ensure that the WTO's agenda keeps pace with the evolving needs of the global marketplace.** We also urge them to **reject the use of trade measures with protectionist effects in pursuance of higher environmental and labour standards** - measures which would be counter-productive and harmful to the economies of the developing countries.

The ICC calls upon the heads of state and government meeting in Halifax to ensure that each of the G7 countries commits itself to faster reform to put its own economic house in order through a credible medium-term strategy to tackle the structural weaknesses, distortions and imbalances accumulated over a number of years. The aim must be to create the conditions for economic recovery in the G7 area to mature into sustainable, job-creating and trade-oriented growth.